

## Message Text

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42

ORIGIN SS-10

INFO OCT-01 ISO-00 SSO-00 CCO-00 /011 R

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DRAFTED BY S/S-O:GTWOHIE

11/11/74

APPROVED BY S/S-O:GTWOHIE

D:KPENDLETON

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FM SECSTATE WASHDC

TO AMEMBASSY QUITO IMMEDIATE

S E C R E T STATE 248100

EXDIS

TODEP 57

FOLLOWING SENT SECSTATE WASHDC INFO ABU DHABI CARACAS  
DHAHRAN JAKARTA JIDDA KUWAIT LAGOS LONDON TRIPOLI QUITO  
EC BRUSSELS OECD PARIS VIENNA FROM TEHRAN 11 NOV 74:

QUOTE S E C R E T TEHRAN 9575

E.O. 11652: GDS

TAGS: ENRG, IR

SUBJ: ABU DHABI OIL MEETING

1. IN NOVEMBER 10 AUDIENCE SHAH ASKED ME TO INFORM THE SECRETARY  
THAT PROPOSAL SAG PRESENTED TO ABU DHABI MEETING APPARENTLY IS THE  
VERY SAME PROPOSAL GIVEN HIM BY PRINCE SA'UD, WHICH HE READ TO  
SECRETARY ON NOVEMBER 1. SHAH REITERATED THAT SAG'S SCHEME REP-  
RESENTS A PRICE INCREASE OVER IRAN'S RECENT "SINGLE PRICE" PRO-  
POSAL TO OPEC.

2. SHAH ADDED HE FEELS WESTERN MEDIA HAVE GIVEN DISTORTED PICTURE  
OF HIS SINGLE PRICE PROPOSAL. HE HAS THEREFORE ORDERED THAT FULL  
TEXT OF HIS NOVEMBER 2 PRESS CONFERENCE BE PRINTED AS ADVERTISE-  
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MENT IN AMERICAN NEWSPAPERS. HE STATED THAT IRAN WILL CONTINUE TO

PUSH ITS SINGLE PRICE PROPOSAL IN OPEC.

3. KAYHAN INTERNATIONAL NOVEMBER 11 PRINTED FULL TEXT OF COMMUNIQUE ISSUED AFTER ABU DHABI MEETING. SUBSTANCE IS THAT SAG, ABU DHABI AND QATAR WILL IMPLEMENT SAUDI PROPOSAL EFFECTIVE NOVEMBER 1, 1974 THROUGH JULY 1975, AND THAT IRAN, KUWAIT AND IRAQ STATED THAT PRICE ISSUES SHOULD BE CONSIDERED AT DECEMBER 12 OPEC MINISTERIAL CONFERENCE. ABU DHABI MINPET OTEIBA, ACCORDING KAYHAN, DESCRIBED SAG PROPOSAL AS FOLLOWS: (A) A 40-CENT DECREASE IN POSTED PRICE (B) AN INCREASE IN ROYALTIES TO 20 PERCENT OF POSTED PRICE (FROM 16.67 PERCENT) AND (C) AN INCREASE IN THE INCOME TAX RATE FROM 65.75 PERCENT TO 85 PERCENT. COMMUNIQUE DO NOT INDICATE WHETHER SAG PROPOSAL ASSUMES BUYBACK/GOVERNMENT MARKET PRICE OF 93 PERCENT OF POSTINGS. IF PROPOSAL DOES MAKE THIS ASSUMPTION AND IF COMMUNIQUE ACCURATELY REPRODUCED IN KAYHAN, COST OF AVERAGE BARREL OF SAUDI ARABIAN LIGHT CRUDE WOULD BE \$10.244. IF SAG PROPOSAL SETS INCOME TAX AT 80 PERCENT (AS WE HAD UNDERSTOOD FROM NIOC SOURCES) INSTEAD OF 85 PERCENT AS REPORTED BY KAYHAN, AVERAGE BARREL WOULD COST \$10.066. IN ANY EVENT, SAG PROPOSAL ADOPTED AT ABU DHABI MEETING IS NO DECREASE IN PRICE AND MAY BE A SLIGHT INCREASE IF 93 PERCENT OF POSTED STILL OBTAINS AS GOVERNMENT SALES PRICE. IF IRANIAN PROPOSAL IS ADOPTED IN FORM REPORTED IN NOVEMBER 5 PIW (ASSUMING 70 PERCENT OF OIL SOLD TO MAJOR COMPANIES AT \$9.85, WHICH IS CURRENT COST OF AVERAGE BARREL OF ARABIAN LIGHT, AND 30 PERCENT SOLD BY GOVERNMENT TO OTHER BUYERS AT \$10.35), COST OF AVERAGE BARREL OF ARABIAN LIGHT CRUDE WOULD BE \$10.00. HELMS UNQUOTE KISSINGER

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## Message Attributes

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**Current Classification:** UNCLASSIFIED  
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**Status:** NATIVE  
**Subject:** ABU DHABI OIL MEETING  
**TAGS:** ENRG, IR  
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